

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DARRELL E. JOHNSON, D/B/A
JOHNSON WATER SYSTEM

ALLEGED VIOLATIONS OF KRS
CHAPTER 278 AND 807 KAR
CHAPTER 5

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) CASE NO. 96-504
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O R D E R

Following the commencement of this proceeding, Darrell E. Johnson, d/b/a Johnson Water System, Pulaski County Water District No. 2 ("Pulaski District") and Commission Staff entered into negotiations to resolve all disputed issues. On February 25, 1997, they executed a Settlement Agreement, which is appended hereto, and have submitted same for Commission approval.

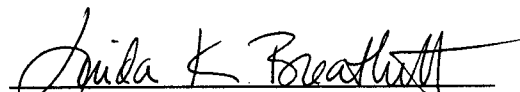
After reviewing the Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement is in the public interest, results in a reasonable resolution of this case, and should therefore be approved.

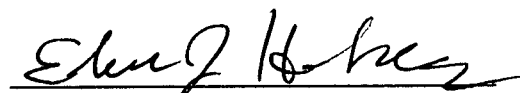
IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.
2. The terms and conditions set forth in the Settlement Agreement are specifically adopted and approved.

Done at Frankfort, Kentucky, this 18th day of March, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 96-504 DATED MARCH 18, 1997

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DARRELL E. JOHNSON, D/B/A)	
JOHNSON WATER SYSTEM)	
_____)	CASE NO. 96-504
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ALLEGED VIOLATIONS OF KRS)	
CHAPTER 278 AND 807 KAR)	
CHAPTER 5)	

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 25th day of February, 1997, by and between the Staff of the Public Service Commission, Darrell E. Johnson, d/b/a Johnson Water System ("Darrell Johnson") and Pulaski County Water District No. 2 ("Pulaski No. 2").

W I T N E S S E T H:

THAT, on November 4, 1996, the Public Service Commission issued a Show Cause Order in Case No. 96-504 alleging that there is prima facie evidence that Darrell Johnson violated KRS 278.020, 278.130, 278.140, 278.160, and 807 KAR 5:006 and 5:011 in providing unauthorized utility service to at least five customers residing along Todd's Farm Road in Pulaski County, Kentucky.

THAT, Pulaski No. 2 supplies water to Darrell Johnson through a 2-inch meter.

THAT, Darrell Johnson supplies water to additional customers connected to his line.

THAT, Darrell Johnson and Pulaski No. 2 wish to resolve the issues in this case without the necessity of a formal hearing.

THAT, in order to resolve the issues, Darrell Johnson, Pulaski No. 2, and Staff agree to the following stipulation of facts:

1. Darrell Johnson initially connected to the Pulaski No. 2 system in November, 1993 and at least four other connections were made at that time.

2. Pulaski No. 2 is the only public utility in the area that can supply potable water to the customers presently connected to Darrell Johnson's line.

3. Since the Commission initiated this proceeding, Darrell Johnson has at all times acted in good faith to try to resolve this matter.

4. Darrell Johnson requested permission to notify his customers that effective February 19, 1997 he would cease service to them and advise them to seek another potable supply of water.

5. In response to his motion, the Commission directed Pulaski No. 2 to continue to supply those customers with potable water by Order issued February 13, 1997.

6. All customers, including Darrell Johnson, presently served off the 2-inch line on Todd's Farm Road are individually metered.

7. Pulaski No. 2 has an adequate water supply to serve these customers and can provide adequate and reasonable service to them under its existing tariffs.

NOW, THEREFORE, it is agreed as follows:

1. Darrell Johnson no longer provides water service to any customers and has severed his relationship with the customers effective February 13, 1997, pursuant to Commission Order of the same date.

2. Pulaski No. 2 agrees that it will accept the Johnson Water System line subject to conditions specified in the attached agreement and will continue to serve the customers on Todd's Farm Road subject to all existing rates and service conditions in its approved tariffs.

3. Commission Staff will recommend the Commission grant Pulaski No. 2 a deviation from 807 KAR 5:066, Section 9, which specifies the minimum diameter pipe to be used for a line of this length.

4. The Commission initiated this case based on information sufficient to necessitate further investigation and review.

5. The Staff, Darrell Johnson, and Pulaski No. 2 agree that the violations noted in the Commission's initiating Order were not willful and no penalty should be assessed.

6. Pulaski No. 2 will be allowed an adequate period of time within which to take measures to bring the line and related facility in compliance with applicable administrative regulations, if modifications are necessary.

7. This agreement is subject to approval of the Public Service Commission.

8. The Staff hereby recommends to the Commission that this agreement be adopted in its entirety without change or modification.


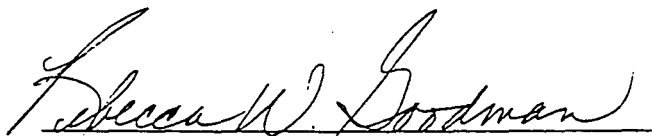
9. If the Commission fails to adopt this agreement in its entirety, Darrell Johnson and Pulaski No. 2 reserve the right to withdraw from it and proceed with this case. In such event, none of the matters in this agreement shall be binding on any parties hereto.

10. All parties agree that the terms are reasonable, factually accurate and in the public interest.

11. If adopted in its entirety by the Commission, this Settlement Agreement shall constitute a final adjudication and dismissal of the allegations raised in the Show Cause Order of November 4, 1996 without the need for a hearing.

12. If this Settlement Agreement is adopted by the Commission, the parties agree not to request rehearing or appeal the Order to the Franklin Circuit Court.

AGREED TO BY:


A. C. Donahue
Counsel for Darrell Johnson
D. Bruce Orwin
Counsel for Pulaski County Water District No. 2
Rebecca W. Goodman
Counsel for Commission Staff

AGREEMENT

1. Johnson and others turn over any ownership interest in the 2-inch line from the Tommy Todd Rental House to terminus of 2-inch line at the lake. Pulaski County Water District No. 2 will assume ownership and service of this portion of the 2-inch line.

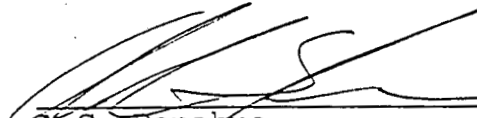
2. Johnson will upgrade, if necessary, yokes, blow offs, check valves and meters, etc. to bring up to Pulaski County Water District No. 2's standards and specifications. A blow off will be installed at the Tommy Todd Rental House terminus.

3. Roman Pharmacraft, Inc. will grant an easement from its new line to Todd's Farm Road from a planned cul de sac as roughly located on plans dated February 1997. A tie in will be allowed and easement granted when the Robinson line (3 or 4 inch) is installed.
(ROMAN PHARMACRAFT)

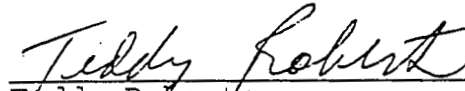
4. Until completion of the Roman Pharmacraft line, Pulaski County Water District No. 2 shall provide service via the current 2-inch line.

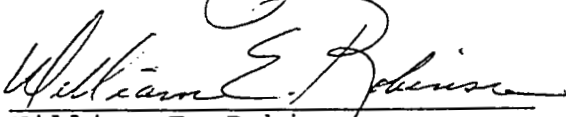
WHEREFORE, our signatures are attached this 25th day of February, 1997.

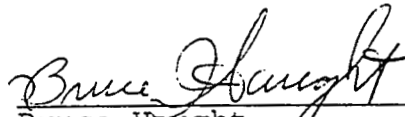

D. Bruce Orwin


A.C. Donahue


Darrell Johnson


Teddy Roberts


William E. Robinson
FOR ROMAN PHARMACRAFT, INC


Bruce Haught